

Rev. Proc. 85-58, 1985-2 C.B. 740

SECTION 1. PURPOSE

The purpose of this revenue procedure is to modify and supersede Rev. Proc. 76-9, 1976-1 C.B. 547, and Rev. Proc. 79-2, 1979-1 C.B. 482, by simplifying the procedure to be followed by certain organizations exempt under section 501(a) of the Internal Revenue Code desiring to change their annual accounting periods.

SEC. 2. BACKGROUND

Rev. Proc. 76-9, as modified by Rev. Proc. 79-2, provides an administrative procedure whereby certain organizations exempt from federal income tax may expeditiously obtain approval of a change in accounting period.

SEC. 3. PROCEDURE

01. Except as provided in section 3.03 below, organizations desiring to change their annual accounting periods (including organizations that come within the exception contained in section 1.442-1(c) of the Income Tax Regulations under which prior approval of the Commissioner to change is not required) may effect the change by timely filing the applicable information return, Form 990 (Return of Organization Exempt from Income Tax), Form 990-PF (Return of Private Foundation), Form 990-BL (Information and Initial Excise Tax Return for Black Lung Benefit Trusts and Certain Related Persons), or Form 1065 (U.S. Partnership Return of Income), with the appropriate Internal Revenue Service Center for the short period for which a return is required. The Form should indicate that a change of accounting period is being made.

02. Annual information returns, Forms 990, 990-PF, and 990-BL, must be filed by the fifteenth day of the fifth month following the close of the short period. If an organization is not required to file an annual information return, but files a Form 990-T (Exempt Organization Business Income Tax Return), it may change its annual accounting period by timely filing the Form 990-T with the appropriate Service Center. If neither an information return nor a Form 990-T is required to be filed, it is not necessary to otherwise notify the Service that a change of accounting period is being made, except as provided in section 3.03. Applicants complying with this revenue procedure will be deemed to have obtained the approval of the Commissioner of Internal Revenue for a change in accounting period.

03. If an organization has previously changed its annual accounting period at any time within the ten calendar years ending with the calendar year that includes the beginning of the short period resulting from the change of an annual accounting period, it must file a Form 1128 (Application for Change in Accounting Period) with the appropriate Internal Revenue Service Center with its timely-filed annual information return or Form 990-T, as appropriate, whether or not the filing of the information return or Form 990-T would have otherwise been required for that year. The Form 1128 must be filed by the

fifteenth day of the fifth month following the close of the short period.

SEC. 4. EXEMPT ORGANIZATIONS NOT COVERED BY SECTION 3

01. The procedures described in section 3 above do not apply to farmers' cooperatives exempt from federal income tax under section 521 of the Code, or to organizations described in sections 526, 527, or 528. These organizations file their applications on Form 1128 for a change in their annual accounting periods with the Commissioner of Internal Revenue, Attn: CC:C:C, Washington, D.C. 20224.

02. This revenue procedure does not apply to organizations described in section 401(a) of the Code. In accordance with Rev. Proc. 77-44, 1977-2 C.B. 578, as modified by Announcement 79-43, 1979-12 I.R.B. 25, these organizations must file applications on Form 5308, Request for Change in Plan/Trust Year, with the Commissioner of Internal Revenue, Attn: OP:E:EP, Washington, D.C. 20224.

SEC. 5. RECORDS

The books of the organization must be closed as of the last day of the last month of the new tax year. Returns for subsequent years must be made on the basis of a full 12 months ending on the last day of the last month of the new tax year.

SEC. 6. LATE APPLICATIONS FOR CHANGE IN ACCOUNTING PERIOD

Organizations described in section 3.03 that did not file a Form 1128 with a timely-filed annual information return or a timely-filed Form 990-T for the short period may request relief under section 1.9100-1 of the regulations. (See section 1.9100-1(a)(3) of the regulations and section 2 of Rev. Proc. 79-63, 1979-2 C.B. 578.)

SEC. 7. EFFECT ON OTHER REVENUE PROCEDURES

Rev. Proc. 76-9 and Rev. Proc. 79-2 are modified and as modified are superseded. If any revenue procedure or revenue ruling makes reference to Rev. Proc. 76-9 or Rev. Proc. 79-2, the reference to this revenue procedure should be appropriately substituted. For the administrative procedures to be followed in requesting a change in accounting period of certain exempt organizations on a group basis, see Rev. Proc. 76-10, 1976-1 C.B. 548, and Rev. Proc. 79-3, 1979-1 C.B. 483.

SEC. 8. EFFECTIVE DATE

This revenue procedure shall be effective for a change in accounting period where the last day of the short period ends on or after December 31, 1985.